

Message Text

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ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AGRE-00 AID-05 CEA-01 CIAE-00

COME-00 EB-08 FRB-01 INR-07 NSAE-00 SP-02 STR-05

TRSE-00 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 USIA-15

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R 121836Z OCT 77

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 2440

INFO ALL EC CAPITALS

AMEMBASSY PARIS

USMISSION GENEVA

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USEEC

PASS AGRICULTURE ELECTRONICALLY

PARIS ALSO FOR USOECD

GENEVA ALSO FOR USMTN

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJ: COUNCIL OF AGRICULTURAL MINISTERS, OCTOBER 11

REF: (A) BRUSSELS 13802, (B) BRUSSELS 13653, (C) EC A-272,

(D) 76 EC A-97, (E) BRUSSELS 13654, (F) BRUSSELS 12933,

(G) BRUSSELS 8466

1. SUMMARY: IN A BRIEF 1-DAY MEETING, THE COUNCIL OF AGRICULTURAL MINISTERS AGREED TO EXTEND THE BAN ON FISHING OF NORWEGIAN POUT UNTIL THE END OF OCTOBER 1977. THEY ALSO APPROVED REGULATIONS IN THE HOPS SECTOR PROVIDING FOR SUBSIDIES FOR VARIETAL CONVERSION OR GRUBBING AND IMPLEMENTING THE BAN ON THE EXPANSION OF HOPS AREA. THE COUNCIL ALSO APPROVED THE TRANSFER OF 200,000 TONS OF SOFT WHEAT FROM THE GERMAN TO THE ITALIAN INTERVENTION
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AGENCY AS WELL AS CERTAIN CHANGES IN THE CALCULATION OF GATE PRICES AND BASIC LEVIES FOR TURKEY EGGS AND CERTAIN OTHER POULTRY PRODUCTS (REF. B). AS REPORTED IN REF. A, THE COUNCIL DID NOT APPROVE THE COMMISSION PROPOSAL TO SUSPEND THE DUTY ON APPLES. THE COUNCIL ALSO DISCUSSED THE PROPOSED POTATO CAP AND EC RULES GOVERNING THE WATER CONTENT OF POULTRY AND THE SPIN CHILLING PROCESS WITHOUT

TAKING ANY DECISIONS. THE COMMISSION OFFICIALLY PRESENTED ITS REPORT ON BEEF AND VEAL BUT LITTLE DISCUSSION ENSUED. THE ITALIAN DELEGATION REQUESTED A SUSPENSION OF EC EXPORT SUBSIDIES FOR WHEAT AND WHEAT FLOUR. END SUMMARY.

2. FISH. THE COMMISSION EXTENDED THE BAN ON FISHING FOR NORWEGIAN POUT FROM OCTOBER 15 TO OCTOBER 31 (REF. G). THE ZONE IN WHICH SUCH FISHING IS BANNED WAS SLIGHTLY ADJUSTED, ITS WESTERN LIMIT BEING MOVED FROM 4 TO 3 DEGREES LONGITUDE. THE BAN ON POUT FISHING WILL BE DISCUSSED AGAIN IN DEPTH AT THE OCTOBER 24-25 "FISH COUNCIL." THE BAN ON POUT IS AIMED AT PROTECTING STOCKS OF HADDOCK AND WHITING; AN ESTIMATED 10-15 PERCENT OF THE POUT CATCH IN THE RESTRICTED ZONE NORMALLY CONSISTS OF HADDOCK AND WHITING.

3. HOPS. THE COUNCIL APPROVED A REGULATION PROVIDING FOR THE PAYMENT OF SUBSIDIES TO PRODUCER GROUPS FOR VARIETAL CONVERSION OR GRUBBING OF HOPS. BASIC AUTHORIZATION FOR VARIETAL CONVERSION SUBSIDIES HAD ALREADY BEEN APPROVED BY THE COUNCIL IN APRIL 1977 AS PART OF THE REVISION OF THE HOPS CAP (REF. C). THE NEW REGULATION WILL PERMIT THE COMMISSION TO IMPLEMENT THIS SUBSIDY; IN ADDITION, THE NEW REGULATION WILL PROVIDE FOR PAYMENT OF THE MAXIMUM SUBSIDY OF 1,800 U.A./HECTARE IN THE CASE OF GRUBBING OF HOPS AREA.
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WHERE VARIETIES ARE CONVERTED, OVERALL ACREAGE MUST BE REDUCED BY AT LEAST 40 PERCENT AND SUBSIDIES WILL BE CALCULATED ON THE BASIS OF ACTUAL COSTS. THE COMMISSION ANNOUNCED ITS INTENTION TO PRESENT A REPORT ON THE EFFECT OF THIS MEASURE BEFORE THE END OF THE YEAR. THE COUNCIL ALSO APPROVED A REGULATION IMPLEMENTING THE BAN ON THE EXTENSION OF THE HOPS AREA, APPLICABLE TO EACH INDIVIDUAL PRODUCER, FOR THE PERIOD JULY 1, 1977 THROUGH DECEMBER 31, 1979. THE BAN WAS ALSO APPROVED IN APRIL 1977. A COMMISSION PROPOSAL TO PROVIDE AIDS FOR THE ADAPTATION OF PRODUCER GROUPS TO COMMUNITY RULES WAS ALSO APPROVED.

4. APPLES. AS REPORTED REF. A, COUNCIL APPROVAL OF THE COMMISSION'S PROPOSAL TO REDUCE THE DUTY ON APPLES UNTIL THE END OF THE YEAR WAS BLOCKED BY THE DUTCH AND ITALIAN DELEGATIONS. THESE DELEGATIONS FELT THAT DUTY SUSPENSION WAS PREMATURE SINCE HARVEST FORECASTS WERE INCOMPLETE. IN ANY CASE, COMMISSION SPOKESMEN NOTED THAT NO FORMAL DECISION WOULD HAVE BEEN POSSIBLE PRIOR TO CONSIDERATION OF THE PROPOSAL BY THE EUROPEAN PARLIAMENT (EP REVIEW IS EXPECTED TO TAKE PLACE ON

OCTOBER 15). IT SEEMS TO BE GENERALLY ANTICIPATED THAT AGREEMENT WILL EVENTUALLY BE REACHED ON A SUSPENSION OF APPLE TARIFFS; HOWEVER, COMMISSION SPOKESMEN SAY THAT THE ITALIANS HAVE BLOCKED THE POSSIBILITY OF COUNCIL APPROVAL VIA THE WRITTEN PROCEDURE. THUS, THE PROPOSAL WILL HAVE TO BE BROUGHT BEFORE THE COUNCIL ONCE AGAIN, PROBABLY AT THE NEXT COUNCIL OF AGRICULTURAL MINISTERS SCHEDULED FOR NOVEMBER 7-8.

5. POULTRY. THE COUNCIL APPROVED THE CHANGES PROPOSED BY THE COMMISSION IN THE CALCULATION OF GATE PRICES AND BASIC VARIABLE LEVIES FOR TURKEY EGGS AND CERTAIN

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C O R R E C T E D C O P Y (CORRECTION TO PARA 6)

OTHER POULTRY PRODUCTS. AS REPORTED REF. B, THESE CHANGES WILL RESULT IN SHARP INCREASES IN LEVIES ON THESE PRODUCTS. THE COUNCIL ALSO DISCUSSED THE POSSIBILITY OF PUTTING BACK THE DATE FOR THE ABOLITION OF SPIN CHILLING IN POULTRY PROCESSING. CURRENTLY EC RULES PROVIDE FOR THE ABOLITION OF SPIN CHILLING AS OF JANUARY 1, 1978. THE UK WOULD LIKE THE RULES AMENDED SO AS TO PERMIT THE POSSIBILITY OF USING THE SPIN CHILLING PROCESS WITH A STEADY RENEWAL OF WATER. OTHER MEMBER STATES WILL APPARENTLY ALSO HAVE PROBLEMS IN MEETING THE JANUARY 1, 1978 DEADLINE. THE COUNCIL WAS UNABLE TO REACH ANY DECISION ON THIS PROBLEM AND WILL TAKE IT UP AGAIN AT THE NOVEMBER 7-8 COUNCIL MEETING.

EC RULES CONCERNING THE WATER CONTENT OF POULTRY WERE ALSO DISCUSSED; THESE RULES, WHICH CURRENTLY APPLY ONLY TO PRODUCTS MARKETED IN THE EC, SPECIFY THAT THE WATER CONTENT OF POULTRY MUST BE NO MORE THAN 6 PERCENT. EC RULES COVERING THE WATER CONTENT OF POULTRY FOR EXPORT TO THIRD COUNTRIES ARE SUPPOSED TO BE ESTABLISHED

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BY MARCH 1, 1978. SEVERAL MEMBER STATES EXPRESSED CONCERN THAT ADOPTION OF EC RULES WOULD HAMPER THE COMPETITIVENESS OF THE COMMUNITY ON THIRD COUNTRY MARKETS WHERE POULTRY WITH WATER CONTENT OF 10-12 PERCENT IS OFTEN PERMITTED. THE FRENCH DELEGATION PROPOSED THAT HIGHER EXPORT SUBSIDIES BE GRANTED FOR POULTRY WITH 6 PERCENT WATER CONTENT. THE ISSUE HAS BEEN SENT TO THE SPECIAL AGRICULTURAL COMMITTEE FOR FURTHER WORK.

6. POTATOES. AT THE REQUEST OF THE BELGIAN DELEGATION, THE COUNCIL DISCUSSED THE COMMISSION PROPOSAL FOR A POTATO CAP, PRESENTED IN DECEMBER 1975 (REF. D). A WIDE DIVERGENCY OF VIEWS ON THE PART OF THE MEMBER STATES WAS AGAIN DEMONSTRATED. GERMANY AND THE NETHERLANDS FAVOR LIBERALIZATION OF THE POTATO TRADE WITHIN THE COMMUNITY WITH LITTLE OR NO MANAGEMENT OF THE MARKET. THE UK, ON THE OTHER HAND, FAVORS A SOLUTION WHICH WOULD ENABLE IT TO MAINTAIN THE SORT OF TIGHT MARKETING AND PRODUCTION CONTROLS NOW EXERCISED BY ITS POTATO MARKETING BOARD. THUS, FOR DIFFERENT REASONS, THESE DELEGATIONS EXPRESSED STRONG OPPOSITION TO THE COMMISSION'S PROPOSAL. THE ISSUE WAS SENT BACK TO THE SPECIAL AGRICULTURAL COMMITTEE AND THE COMMISSION PROMISED TO RETHINK ITS PROPOSAL.

7. BEEF AND VEAL. THE COMMISSION FORMALLY PRESENTED ITS REVIEW OF BEEF POLICY (REF. E). THE COUNCIL RESPONSE TO THIS REPORT WAS MINIMAL ALTHOUGH FRENCH MINISTER MEHAIGNERIE EXPRESSED THE VIEW THAT THE COMMISSION'S PROPOSAL FOR GREATER USE OF PREMIUMS WAS IN CONTRADICTION WITH THE UNFAVORABLE ANALYSIS OF PREMIUMS CONTAINED IN ITS REPORT. THE COUNCIL DIRECTED

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THE SPECIAL AGRICULTURAL COMMITTEE TO EXAMINE THE REPORT AND PREPARE FOR A FUTURE IN-DEPTH COUNCIL DISCUSSION OF THE SUBJECT. MANY OBSERVERS SPECULATE THAT THE FRENCH

WILL NOT BE WILLING TO UNDERTAKE A SERIOUS DISCUSSION
OF THE REFORM OF THE BEEF CAP PRIOR TO NATIONAL
ELECTIONS IN THE SPRING OF 1978.

8. GRAINS. THE COUNCIL APPROVED THE TRANSFER OF
200,000 TONS OF SOFT WHEAT FROM THE GERMAN TO THE
ITALIAN INTERVENTION AGENCY. THIS TRANSFER WAS APPROVED
IN PRINCIPLE AT THE LAST COUNCIL MEETING (REF. F).
IN ADDITION, ITALIAN MINISTER MARCORA REQUESTED THAT
THE EC SUSPEND EXPORT SUBSIDIES FOR WHEAT AND WHEAT
FLOUR. THE ITALIAN PERMDEL TOLD US THAT THE REQUEST
WAS MOTIVATED BY CONCERN OVER THE RELATIVELY HIGH
PRICE LEVELS FOR WHEAT IN ITALY, LARGELY THE RESULT
OF THE POOR WHEAT HARVEST THIS YEAR. THEY NOTED THAT
THE PRICES FOR FRENCH WHEAT WERE WELL ABOVE INTERVENTION
LEVELS AND FELT THAT STABILIZATION OF THE ITALIAN
MARKET SITUATION SHOULD TAKE PRECEDENCE OVER EXPORTS.
THE PERMDEL ALSO SAID THAT ADDITIONAL TRANSFERS OF
WHEAT TO THE ITALIAN INTERVENTION AGENCY HAD BEEN
REQUESTED. COMMISSIONER GUNDELACH POINTED OUT THAT
AT PRESENT THERE WERE NO EXPORT SUBSIDIES FOR SOFT
WHEAT; HOWEVER, HE COULD NOT GUARANTEE THAT THEY WOULD
NOT BE REINTRODUCED AS A RESULT OF CHANGES IN MARKET
CONDITIONS. WITH RESPECT TO FLOUR EXPORTS, GUNDELACH
SAID THAT THE QUANTITIES INVOLVED WERE LIMITED AND THAT
SUBSIDIES WERE NEEDED TO MAINTAIN TRADITIONAL EXPORT
MARKETS. HINTON

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